

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1547 - SB 2550

February 14, 2016

SUMMARY OF BILL: Expands the list of persons that can control a private trust company, or that can control corporations, sole proprietorships, partnerships, joint ventures, associations, trusts, estates, business trusts, limited liability companies, or other companies that control a private trust company. Expands the list of persons to which a private trust company is authorized to provide services.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$4,000/FY16-17/Department of Financial Institutions
\$9,000/FY17-18/Department of Financial Institutions
Exceeds \$9,000/FY18-19 and Subsequent Years/
Department of Financial Institutions**

The Governor's proposed budget for FY16-17, on page A-40, recognizes a one-time increase in state revenue to the Department of Financial Institutions of \$4,000, and a recurring increase in state revenue to the Department of \$5,000.

Assumptions:

- Expanding the list of persons that can control a private trust company or entities that control a private trust company is estimated to result in an increase in the number of private trust companies chartered in the state.
- Four additional entities will apply for a status of a private trust company each year. The application fee is \$1,000.
- All four applicants will be chartered as a private trust company each year. The annual certification fee for maintaining private trust company status is \$250.
- The annual assessment fee of \$1,000 will be imposed on each company following the year of its charter approval, pursuant to Tenn. Code Ann. § 45-1-118(b)(2).
- The resulting increase in state revenue to the Department of Financial Institutions (DFI) is estimated to be: \$4,000 in FY16-17 (4 companies x \$1,000 application fee), and \$9,000 in FY17-18 {(4 new companies x \$1,000 application fee) + [4 companies chartered in FY16-17 x (\$1,000 annual assessment fee + \$250 annual certification fee)]}.
- The increase in state revenue to the DFI is estimated to exceed \$9,000 in FY18-19 and subsequent years.

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- The DFI will license additional private trust companies using existing staff during regular work-hours. Any increase in expenditures to the DFI will be not significant.
- The Governor's proposed budget for FY16-17, on page A-40, recognizes a one-time increase in state revenue to the Department of \$4,000, and a recurring increase in state revenue to the Department of \$5,000.

IMPACT TO COMMERCE:

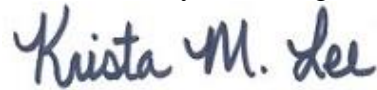
Other Impact – There will be four additional private trust companies chartered in the state each year. Due to multiple unknown factors, any impacts on industry revenue, expenses, or the number of jobs created by such entities cannot be quantified with reasonable certainty.

Assumptions:

- The proposed legislation will expand the list of persons that can control a private trust company or entities that control a private trust company, which is estimated to result in an increase in the number of private trust companies chartered in the state.
- Due to multiple unknown factors, any impacts on industry revenues and expenses, or the number of jobs created within the industry cannot be determined with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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